

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 2002-708

November 27, 2002

CENTRAL MAINE POWER  
Application for Approval to Issue  
Securities & Encumber Utility  
Property (\$902, \$1101) (\$75,000,000)

ORDER APPROVING  
ISSUANCE OF  
SECURITIES

WELCH, Chairman; NUGENT & DIAMOND, Commissioners

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**I. SUMMARY**

On November 13, 2002, Central Maine Power Company (CMP or the Company) filed with the Commission its application for authority to renew a 3-year \$75,000,000 revolving credit agreement with The Bank of New York (BNY) as lead lender and agent. As agent, BNY has the ability to "participate out" shares of this amount to other lenders acceptable to themselves and the Company. This credit facility is a renewal of an expiring agreement approved by the Commission on January 20, 2000, in Docket No. 99-925. Individual notes issued under the agreement will carry variable interest rates and be secured by an interest in the CMP's customer accounts receivable. This Order approves the Company's request.

**II. BACKGROUND & DISCUSSION**

Under the terms of the proposed revolving credit agreement, individual principal advances will have maximum maturity dates extending up to three years from the anticipated date of closing in December 2002. As each individual note is issued, CMP will have the choice of two variable rate options, including: (1) the higher of the Alternate Base Rate (or the "Prime Rate") quoted by Bank of New York (4.25% today), or the current Federal Funds Effective Rate plus a margin of 0.50% (or 1.85% based on the Fed Effective rate of 1.35% on November 15, 2002); or (2) a rate indexed to the London Inter-Bank Offering Rate (LIBOR) plus a margin based on the level of usage as well as the credit rating of CMP's senior debt securities. The index will be the 1, 2, 3 or 6-month LIBOR rate depending on the maturity selected by CMP, plus a margin ranging from 0.525% to 1.25% depending on CMP's Senior Debt Rating from Standard & Poors and Moody's Investment Services. Based on CMP's current S&P and Moody's ratings of BBB+ and A3 respectively, the Company's current margin is 0.625%. Combining this margin with the current 6-month LIBOR rate of 1.45% (per November 19, 2002's Wall Street Journal) yields a maximum rate of 2.075%. Using the maximum margin of 1.25% with the current 6-month LIBOR rate, the maximum current rate under the LIBOR-based formula is 2.70%.

The Company requires this credit facility for general corporate purposes, including working capital needs and temporary or "bridge" financing for capital expenditures. In our experience, it is customary for revolving credit agreements of this

nature to be priced at variable interest rates and it is also common to use current assets, such as accounts receivable, as collateral.

Having reviewed the application of the Company, together with data filed in support of it, it is the opinion of the Commission that the proceeds of the issuance of the bonds are required in good faith for the purposes enumerated in 35-A M.R.S.A. §901. In approving this securities issue, consistent with normal practice and pursuant to §902(4), the Commission does not imply approval of the Company's capital needs or capitalization ratio for ratemaking purposes, nor does this Order limit or restrict the powers of the Commission in determining or fixing any rate. In addition, having previously acknowledged that it is customary to use current assets such as customer accounts receivable balances as security in these types of transactions, we also grant CMP's request for §1101 approval, thereby authorizing the Company to pledge these utility assets as security for amounts borrowed under this credit facility.

Accordingly, we

### ORDER

1. That Central Maine Power Company (CMP) is hereby authorized to enter into a 3-year revolving credit agreement for \$75,000,000 with The Bank of New York and their selected participants, to be used solely for the purposes described in this Order. All notes issued under the revolving credit line will be secured by utility customer accounts receivable and some of the notes may carry maturities of longer than 12 months. The notes will be issued at variable interest rates indexed to either the Prime Rate of The Bank of New York, the Federal Funds Effective Rate or the London Inter-Bank Offering Rate (LIBOR) for the appropriate maturity selected.

2. That the Company report to this Commission, in writing, its doings pursuant to this Order within sixty (60) days of the date of the closing of this transaction.

3. That a copy of this Order be mailed to interested parties and this Docket be closed.

Dated at Augusta, Maine, this 27th day of November, 2002.

BY ORDER OF THE COMMISSION

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Dennis L. Keschl  
Administrative Director

COMMISSIONERS VOTING FOR:      Welch  
   Nugent  
   Diamond

## NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 21 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.